

LABOR-MANAGEMENT RELATIONS IN THE
EAST COAST OIL TANKER INDUSTRY

REPORT
OF THE
COMMITTEE ON LABOR AND PUBLIC WELFARE
PURSUANT TO
S. Res. 140
(81st Cong.)

RELATIVE TO INVESTIGATION OF LABOR-MANAGE-
MENT RELATIONS IN THE EAST COAST
OIL TANKER INDUSTRY

TOGETHER WITH THE
INDIVIDUAL VIEWS OF MR. TAFT, IN WHICH
MR. SMITH OF NEW JERSEY, MR. IVES,
AND MR. NIXON CONCUR



PRESENTED BY MR. MURRAY

FEBRUARY 8 (legislative day, JANUARY 29), 1951.—Ordered to be printed

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Mr. MURRAY, from the Committee on Labor and Public Welfare,
submitted the following

REPORT

together with the

INDIVIDUAL VIEWS OF MR. TAFT, IN WHICH MR. SMITH
OF NEW JERSEY, MR. IVES, AND MR. NIXON CONCUR

Pursuant to Senate Resolution 140, Eighty-first Congress, the Subcommittee on Labor-Management Relations conducted an investigation of labor-management relations in the east coast oil tanker industry. That subcommittee, after making an investigation and holding public hearings, has submitted a report to this committee. Upon due consideration of that report, this committee adopts the report of the subcommittee which is appended hereto.

The subcommittee report follows:

On receiving charges from the Seafarers International Union of North America (AFL) (hereinafter called SIU), that Cities Service Corp. of Pennsylvania, and particularly its marine division, had been guilty of serious unfair labor practices which were disturbing the entire tanker industry, the subcommittee ordered its staff to make a thorough investigation of labor-management relations between SIU and Cities Service. Mr. William N. Dunstan, special investigator for the subcommittee, was assigned to make the investigation. He succeeded in locating material witnesses and unearthing documentary evidence which had eluded previous investigators for other agencies, and much of the credit for the completeness of the record is due to his skill and diligence. As a result of this investigation, public hearings were held in Washington, D. C., on September 25 and 26, 1950. The union and the employer were both invited to participate in the hearings and were offered equal time in which to present their testimony. Representatives of both appeared and testified. The following report is a

summary of the testimony offered at the hearings and of evidence disclosed by the investigation.

The Cities Service Corp. of Pennsylvania is a large producer, refiner, and marketer of oil and derivative products. Its marine division, which was established in 1919, accomplishes the maritime transportation of these products. Commencing in 1923 the marine division has operated a fleet of oceangoing tankers and auxiliary vessels. The number has fluctuated during the years, but at present the fleet consists of 22 oceangoing tankers. In 1923 the marine division had 40 employees, and at present employs 713 workers in all maritime capacities (p. 164).¹

The marine division is an integral unit of Cities Service Corp., but enjoys considerable independence. It is managed by five executives whose average period of service with the division is approximately 25 years. These executives have all been promoted from the ranks, and, according to a company witness, were selected for outstanding performance (p. 165). Mr. Christopher Story, who appeared at the hearings, is vice president of Cities Service in charge of maritime operations, and as such is chief executive of the marine division.

During World War II, Cities Service was one of two major oil companies which entered into general-agency agreements with the Maritime Commission. It operated 25 Government-owned vessels and on several occasions was commended for efficiency of operations and for cooperation with the Government. The company was awarded the Maritime Commission M, a citation for merit for war service. Six of the tankers operated by the company were destroyed by enemy action with a loss of 65 persons (p. 165).

Involved with Cities Service Corp. in the labor-management disputes which gave rise to this investigation is the Atlantic and Gulf district of the SIU (AFL), which exercises jurisdiction over seafarers operating in and out of ports on the eastern seaboard and the Gulf of Mexico. It has approximately 75,000 members and has successful contracts with approximately 50 steamship companies which operate passenger, freight, and tanker vessels.

Generally, relations between the SIU and its employers have been exceptionally good and the union is recognized as a responsible one which acts as a stabilizing force in the industry (pp. 2-7, union exhibit 1). The SIU was represented at the hearings by Mr. Paul Hall, secretary-treasurer of the Atlantic and Gulf district and first vice president of the international.

The oil tanker operators constitute the only large segment of the maritime industry which is not thoroughly organized. According to the SIU, the oil tanker operators do and always have opposed and resisted union organization (p. 7).

Although significant references were made at the hearings to anti-union practices in other oil tanker companies, the hearings and the investigation were almost exclusively concerned with labor-management relations in Cities Service Corp.'s marine division.

So far as the record of the subcommittee shows, the first attempt to organize employees of the Cities Service marine division was made by the National Maritime Union (CIO) (hereinafter called NMU) (p. 6). About 1938 the NMU started an organizing campaign in the Cities Service fleet and during that year sought and obtained certification as

¹ Unless otherwise indicated, citations in parentheses are to pages in the printed hearings.

the sole bargaining agent of the marine division employees. In an attempt to prevent organization by the NMU, officials of the marine division established an organization known as the Unlicensed Employees Collective Bargaining Agency (UECBA). (See p. 90 et seq.) In a proceeding before the National Labor Relations Board, the NMU charged that the UECBA was a company-dominated union, and the Board and the Circuit Court of Appeals so held. UECBA was ordered disestablished. Marine division officials also inspired the organization of the American Tankermen's Association which was likewise ordered disestablished for company domination (*NLRB v. Cities Service Oil Co.*, 129 F. 2d 933 (C. C. A. 2), July 2, 1942; 32 N. L. R. B. 1020).

Having won certification, the NMU attempted to obtain a contract with the Cities Service Corp. but met with stiff resistance. According to Hall, the NMU jurisdiction over Cities Service employees "gradually evaporated in the face of relentless legal stalling and other maneuvers with which at that time the NMU was unable to cope" (p. 8). In any event, the NMU never succeeded in negotiating a contract and eventually withdrew its claim to represent Cities Service employees.

The SIU organizing campaign in the Cities Service fleet commenced early in 1946, and resulted in a substantial number of pledges from employees. In October 1946, SIU requested that it be recognized as the bargaining agent for marine division employees, claiming as members 55 percent of the employees in the fleet (p. 9). The Cities Service Corp. refused the request and, as the investigation and hearings show, for a period of nearly 4 years, and by indulging in unfair labor practices of almost unparalleled flagrancy, resisted efforts of the SIU to organize its employees and obtain certification.²

The antiunion efforts of the Cities Service Corp. followed three types of strategy, namely: (I) Delaying tactics made possible by the provisions of the Labor-Management Relations Act, 1947; (II) an extensive system of labor espionage, accompanied by discriminatory hiring and firing, and other unlawful acts; and (III) the organization and support of a company-dominated union, Citco Tankermen's Association, which was set up to compete for members with SIU.

I. DELAYING TACTICS UNDER THE LABOR-MANAGEMENT RELATIONS ACT

On October 28, 1946, in a letter addressed to Vice President Christopher Story, the SIU asserted that it represented a majority of the employees of the marine division and requested recognition as the sole bargaining agent (pp. 9-10). The company refused the request. On October 31, 1946, the SIU filed with the NLRB a petition for an election in the Cities Service fleet. The NMU intervened, on the basis of its certification as bargaining agent in 1938. The NLRB initiated an investigation, and in July of 1947 called upon the NMU to support its claim by presenting pledge cards representing at least 5 percent of the fleet employees. A meeting date was set for the presentation of such pledge cards, but the NMU failed to appear (p. 10). Later, as will

² This conduct contrasts strikingly with the labor relations of other Cities Service divisions, which now have in force 73 contracts with unions (p. 174). Throughout this report the employer is variously referred to as "Cities Service," "Cities Service Corp.," "Cities Service Oil Co.," and "Cities Service Corp. of Pennsylvania." The unfair labor practices found by the NLRB and described in this report were committed by the marine division of Cities Service Corp. of Pennsylvania which is in turn a subsidiary of Cities Service Co. In fairness to the parent company, it should be noted that NLRB records disclose no unfair labor practice orders against it.

be shown below, the NMU withdrew its claim. Thereafter, there was never any jurisdictional dispute between NMU and SIU.

On October 20, 1947, the NLRB issued an order for an election. At that time, there were eight ships in the fleet, and the election order covered all of these ships. The NLRB order further provided that the voting should start on October 31, 1947, and continue for 30 days to November 30. At this point, Cities Service employed its first delaying tactic by asking for an extension of 60 days within which to complete the voting. The extension was granted by the Board. Later another extension of 10 days was granted (p. 10).

The evidence is clear and uncontradicted that Cities Service Corp. resisted the election and went to great lengths to prevent its consummation. For example, the Cities Service tanker, steamship *French Creek*, which was the seventh of the company's eight ships to vote, was at a Philadelphia pier when representatives of the NLRB and SIU appeared to supervise the election. A Cities Service agent, Mr. Johnson, stating that he was acting on express orders from the company's headquarters at 70 Pine Street, New York City, flatly refused to allow either of them near the ship, and all attempts to take the vote were, at that time, frustrated. Voting on this ship finally took place at a later date at Jacksonville, Fla. (p. 10). This action on the part of the Cities Service agent certainly impeded and temporarily prevented the holding of an election on that ship, was in violation of section 12 of the act, and was a manifestation of contempt for the Board.

One of the eight ships, the steamship *Lone Jack*, was sent on charter into the Pacific. On January 25, 1948, in what was manifestly another delaying action, Cities Service petitioned the NLRB to extend the voting 75 days to permit voting on the *Lone Jack*. Since it was on charter, there was a possibility that it would not return to the United States for many months; it could have been kept away indefinitely by the company.

At the same time, the company sought to nullify the election by petitioning the NLRB to change the provision governing eligibility to vote, so that personnel employed any time prior to the balloting date would be eligible, instead of those who were eligible on the date established by the Board. The company also requested that the voting proceedings be stopped until the eligibility rule was changed, or, in the alternative, that the original election order be rescinded and the election proceedings reinstituted. The SIU filed a brief in opposition, based on the NLRB decision in the *Isthmian case* (74 N. L. R. B. 64, 1947). The Board denied the company's request, and on February 9 ordered that the votes be tallied.

The tally showed that SIU had won 83 percent of those who voted. On February 12, 1948, the company filed a protest against the election. The NLRB denied the protest. On February 18, 1948, the company again protested against the election and the protest was again dismissed by NLRB (p. 11). On March 5, 1948, the attorney who represented the Cities Service Corp. marine division in its labor relations, Mr. William Potter Lage, again protested against the election, and the protest was again rejected. Undaunted, on March 8, 1948, Attorney Lage filed "exceptions to the order" in which he again protested against the election and the conduct thereof. On March 23, the NLRB rejected the exceptions as lacking in merit. The trial

examiner recommended that SIU be certified as the sole bargaining representative for the Cities Service fleet.

On May 24, 1948, the NLRB issued its order certifying the SIU, but only as the bargaining representative for the seven ships which had been voted, and not for the steamship *Lone Jack* which had not been voted. The union, contending that this order was in conflict with the Board decision in the Isthmian case, *supra*, petitioned the Board to amend its certification order so as to include the entire Cities Service fleet. The question before the Board was complicated by the fact that, after the election proceedings had commenced, Cities Service had acquired an additional eight ships. The effect of the Board's certification was to limit representation by the SIU to 7 of the fleet of 16 ships. The union's petition was denied (pp. 11-12).

On June 22, 1948, the SIU petitioned for an election on the nine unvoted ships. On July 10, 1948, the NLRB opened hearings³ to determine the voting unit. Mr. Lage walked out of the first hearing because he was not permitted to have a stenotypist take notes. At a later meeting he claimed that the Taft-Hartley Act barred the inclusion of boatswains, stewards, pumpmen, and machinists within the voting unit because they were supervisory employees (p. 12). In ensuing hearings on this question the SIU submitted the testimony of seamen which demonstrated that the disputed ratings were not supervisory. The NLRB ordered the union and the company to file briefs within 7 days. Lage obtained extensions of that time until October 20.

On December 29, 1948, the NLRB directed that an election on the nine unvoted ships be held, that SIU would be the only union on the ballot, and that all unlicensed men, except boatswains and stewards,⁴ would be eligible to vote. (See Decision and Direction of Election, Case No. 2-RC-512, p. 4.) The unlicensed men on each ship was approximately 29 (p. 13). The NLRB also announced that a meeting to arrange voting procedure would be held on January 3, 1949. On that date Lage claimed that he had not received proper notice of the meeting.

On February 16, the Board was at last able to hold a meeting to arrange voting procedure. But Lage refused to cooperate until a writ, issued approximately 10 years before by a Federal court, ordering Cities Service to permit NMU organizers to go aboard its ships, was rescinded. On February 1, the NMU had formally given notice that it had withdrawn all interest in the case. Therefore the Board ordered that the voting procedure be established (p. 14).

On February 17, 1949, Lage promised to cooperate in the matter of the election, provided that (1) the election be postponed until after February 23; (2) there be no voting on Saturdays and Sundays or holidays; (3) all of the voting be done between the ports of Boston and Baltimore. In response, the SIU pointed out that eight Cities Service ships were scheduled to arrive in American ports during the next week end—that is, prior to February 23; that a number of them would dock at Gulf ports, and would therefore be excluded from voting if the company's request were granted; and that the company

³ In these hearings, and in subsequent meetings and negotiations, Lage was frequently accompanied by Mr. N. J. Adkins, marine division superintendent, Port Steward Bengt Nordberg, and Port Capt. J. A. Deschler (p. 13).

⁴ According to Hall, boatswains and stewards are not generally regarded as supervisory personnel and are eligible as members in all unions. The chief steward is excluded in a contract between a Great Lakes company and NMU (p. 23).

could discharge its crews, hire new and nonunion employees, and have the ships put to sea before February 23. Consequently, the NLRB denied Lage's motion, and voting commenced on Sunday, February 20 (p. 14).

Again, the record is very clear that Cities Service Corp. made every effort to impede and obstruct Board representatives in the conduct of the election. For example, in the port of New York, the company refused to permit voting to take place either on the ships or on company property; the voting was accomplished in a pouring rain outside the company gate. In the port of Lake Charles, La., the Board representative was compelled to hold the election over a period of 2 days in inclement weather. It was reported that he was physically thrown off company property (p. 14).

Indeed, the company boycotted the election and took measures to prevent its employees even from receiving notice of it. Thus, they refused to permit either Board representatives or union agents to go aboard the ships. In some ports, the union and Board representatives were compelled to install a portable loud-speaker on launches and cruise about the harbor sounding off notice that the election would be held. This conduct of the company should be contrasted with that of other maritime companies which generally cooperate in the holding of elections and make it convenient for their employees to vote. The usual procedure in such elections is as follows: When a ship ties up, representatives of the company, the Board, and the union go aboard the ship. They obtain a crew list from the master, check eligibility dates, and determine the eligibility of the members of the crew. Voting machinery is set up aboard ship, and the men vote before they go ashore. Many of the companies make available the officers' messroom for the voting (p. 15). It is also customary for the employers to give the employees leave from watches in order that they may vote. In contrast, the Cities Service Corp. on some ships refused to relieve men at all, and such men of course were thereby deprived of their right to vote (p. 16).

On February 22, Cities Service obtained a temporary injunction, which had the effect of halting the voting and impounding the votes cast. The SIU moved to dissolve the injunction, the NLRB joined in the motion, and 2 days later it was so modified as to permit voting. Shortly thereafter it was dissolved. In obtaining the temporary injunction the Cities Service lawyer represented, falsely as the record shows, that there had been unlawful collusion between the Board and the union (p. 16).

Again on April 15, Cities Service, this time through the instrumentality of the Citco Tankermen's Association, a company-dominated union (see *infra*, pt. III), obtained an injunction against the regional director of the NLRB, which enjoined the counting of the ballots. The SIU and the NLRB jointly moved to dismiss the injunction, and at the hearing it was dismissed (p. 16).

When the votes were finally counted, it was found that the SIU had obtained a favorable vote from 89 percent of the employees (p. 16).

Continuing its delaying tactics, on April 27, 1949, Cities Service filed with the NLRB regional office in New York City 19 objections to the conduct of the election, alleging that the Board's activities had been "arbitrary, capricious, illegal, and void." The objections were forwarded by the regional office to the Washington office. The tactic

succeeded because it was 4 months later—that is, on August 19, 1949—before the NLRB rendered its decision denying the 19 objections (p. 16).

Again, on August 31, 1949, Lage filed a brief in which he presented exceptions to the Board's decision. The SIU filed a counterbrief, and the Board took the matter under advisement.

Finally, on December 2, 1949, the NLRB acted by certifying the SIU as sole bargaining agent for the nine additional ships. In doing so it commented on Cities Service objections to the election as follows:

In light of the employer's refusal to cooperate with an agency of the Government in carrying out its statutory functions in the public interest, it ill behooves the employer to file objections stemming principally from its own recalcitrance (Supplemental Decision, etc., Case No. 2-RC-512, p. 8).

Recapitulating, the SIU had filed its first petition for representation in October 1946, and was finally certified as sole bargaining agent for the Cities Service fleet on December 2, 1949. During this period of more than 3 years, there had never been the slightest reason to doubt that more than a majority of the employees in the Cities Service fleet belonged to SIU. Thus, it had required more than 3 years to gain official recognition of an indisputable fact. During this period, as will be shown below, Cities Service had engaged in almost every conceivable type of antiunion activity in order to discourage its employees from joining the SIU. It is almost unbelievable that any union could continue in existence in the face of this combination of legal stalling and violent antiunion activity. Certainly a smaller, poorer, and less persistent union would have been destroyed.

II. LABOR ESPIONAGE

The record shows without contradiction that Cities Service Corp., through its attorneys and agents, established an extensive system of labor espionage throughout its fleet and ashore, which was designed to prevent SIU members and sympathizers from obtaining employment, to enable the company to discharge prounion employees, and otherwise to frustrate the efforts of SIU to organize the fleet.

There are two extremely disturbing aspects of this illegal espionage system: (1) It was created and directed by reputable attorneys; and (2) its directors were members of the United States Coast Guard Reserve, and apparently used their experience and connections as officers of the Coast Guard in the establishment and operation of the system.

The Cities Service marine division had been represented by the prominent law firm of Hatch, Wolfe, Nash & Ten Eyck, of the New York bar, for more than 20 years. The most active member of the firm in behalf of the division had been Mr. Wolfe. Upon Mr. Wolfe's death, William Potter Lage, also a member of the New York bar, became a member of the firm and thereafter was the chief legal representative of the marine division in labor-management relations.

So far as the record shows, Mr. Lage was the designer, creator, and chief operator of the labor espionage system in the Cities Service fleet.⁵ (See especially pp. 153-162.)

⁵ An unsuccessful attempt was made by a subcommittee representative to subpoena Mr. Lage, who was not present at the hearings (pp. 162-164).

Mr. Lage had become acquainted with John Irwin Dugan when they had both served in the Coast Guard during World War II. Mr. Dugan, an officer in the Coast Guard Reserve, had been in charge of a merchant marine hearing unit, charged with investigatory and regulatory duties. Lage became Dugan's subordinate (p. 153). After the war, as noted above, Lage joined the law firm of Hatch, Wolfe, Nash & Ten Eyck, and Dugan resumed his practice as an attorney in New York City. Dugan handles admiralty matters and is acquainted with marine and water-front activities (pp. 154, 159).

In the spring of 1948, Lage offered Dugan a retainer of \$200 a month, for which he was to advise and assist Lage with respect to questions which arose in connection with Lage's representation of the marine division of Cities Service (p. 154).

Dugan accepted the proposal, and for a time advised Lage on incidental maritime matters. Later, Lage informed Dugan that Cities Service Corp. desired to "get a clear picture" of what was happening aboard its ships, and in particular to identify SIU members and sympathizers. It was agreed between them that Dugan would employ investigators to go aboard the ships, and otherwise to keep Cities Service marine division employees under surveillance. One reason why Lage retained Dugan was that at that time Lage did not want the labor spies "reporting out of his office" (p. 155). The reports of the investigators were to be made through Dugan to Lage. This arrangement was consummated after SIU had won certification on seven Cities Service ships, and had particular reference to the nine Cities Service ships which at that time had not been voted (p. 159). Mr. Dugan's experience and connections in the United States Coast Guard proved of value to him in this work.

Thus, in his search for qualified labor spies, Dugan contacted Judge John L. Canella, a special sessions judge of New York County. Judge Canella had worked with Coast Guard intelligence during World War II on the New York water fronts (pp. 149, 159), and had become acquainted with Dugan. Judge Canella recommended three investigators to Dugan; namely, John B. Basciano, Lawrence Hennessey, and Campbell. It appears that Judge Canella also informed these three investigators that Dugan would be in touch with them (p. 149). There is nothing in the record indicating that Judge Canella knew the purposes to which these men were to be put by Dugan (p. 41).

Dugan employed Basciano and Hennessey, but did not employ Campbell. Between June 1948 and September 1949, Dugan paid Hennessey \$2,100 and Basciano \$4,100 for their services as spies. The arrangement Dugan made with Basciano was that he would be paid a total of \$300 per month, including his regular pay, for services aboard Cities Service ships. Hennessey was to be paid according to the "value of his services." Dugan was reimbursed for these payments by Lage (p. 155).

Dugan instructed Basciano and Hennessey that they were to go aboard Cities Service ships and report everything bearing on the relationship between Cities Service and SIU. They were particularly instructed to estimate the number of SIU men aboard each ship and if possible to identify them. They were also to report on conditions aboard ship, such as feeding, relationship with officers, etc. (p. 156).

The mode of operation was as follows: Lage would indicate to Dugan the ships on which spying was to be conducted. Lage would

supply Dugan with boarding passes to enable the investigators to go aboard ship. The investigators would board the designated ships, perform regular duties, and at the completion of each voyage report to Dugan. Basciano made his reports in longhand; Hennessey submitted typewritten reports. Dugan forwarded the reports to Lage (pp. 156-157).

Basciano proved to be a satisfactory investigator, and during his employment by Dugan made a total of 18 trips on the 9 unvoted ships (p. 151). Hennessey was, according to Dugan, an unsatisfactory spy (p. 159). Dugan recommended to Lage that Hennessey himself be investigated, and a special investigator, Caesar Louis Scotti, was employed by Lage for that purpose (p. 156).

Scotti was also used for other purposes by Lage. Scotti is an employee of Mr. Bruno J. Augenti. Augenti owns and operates the Marine Index Bureau, Inc., 60 John Street, New York City, an index and statistical organization which investigates marine casualties, cargo, collision, and general protection and indemnity claims. In addition, Augenti is a licensed private investigator, and employs Scotti as a special investigator. Scotti testified that he is not employed by the Marine Index Bureau, Inc., but directly by Augenti. Scotti is not a licensed investigator (p. 112).

James T. Hanaway, who testified at the hearing, was employed by the Cities Service marine division as shipping master from October 1944 until September 1, 1950. In that position, his duties were to interview applicants for employment in the fleet, to assist them in filling out their applications, to ascertain their previous experience, and to make recommendations to Captain Deschler, the port director. Hanaway, who had had previous experience in the organization of a Cities Service company union (pp. 90-92), testified that he was instructed by Captain Deschler to avoid the employment of SIU members. After the original seven Cities Service ships had been voted, an even more determined effort was made by Cities Service officials to prevent the employment of SIU men aboard the remaining nine unvoted ships. Mr. Lage, Mr. Stevens who was employed as an operations efficiency expert, Captain Deschler, and Hanaway concocted a system of marking applications for employment so that the applicants could be readily identified as union members or sympathizers (p. 94).

To assist Hanaway in this screening operation, Lage employed Scotti in the fall of 1948. The first meeting between Lage and Scotti occurred in Lage's office at 70 Pine Street, the headquarters of Cities Service Corp. (p. 114). Scotti's first assignment was to shadow Hennessey, which he did on two occasions without result of interest to Lage. Thereafter, Scotti was employed to spy at the Cities Service hiring hall, which was also at 70 Pine Street, and at other places, for the purpose of identifying SIU members and sympathizers and reporting them to Hanaway. Scotti would frequent the Cities Service hiring hall, observe applicants for employment, and follow them with a view to ascertaining whether or not they were union members or sympathizers (p. 94). He would then report, by telephone or otherwise, to Hanaway. Scotti testified that he was engaged in this employment for approximately 10 days, was paid \$1.50 an hour, and received a total of \$70 or \$80 from Lage (p. 116).

In passing, it should be noted that Scotti, who had never had experience of any kind as a seaman, was able to obtain seaman's papers—

that is, credentials certifying that he was a qualified seaman—from the Coast Guard, through the good offices of Captain Deschler (p. 117).

Scotti began to feel that he was accomplishing nothing, and so reported to Augenti. Scotti testified that until this report Augenti had not been advised as to the duties Scotti was performing for Lage. Augenti thereupon ordered Scotti to terminate his employment by Lage. Scotti testified that he was not aware that he was violating the State law by engaging in labor espionage (p. 118).

An interesting outgrowth of these exercises in espionage was that eventually Lage began to suspect Hanaway, and apparently had him shadowed. Hanaway was informed that his home and office telephones were tapped, and that he was under surveillance (pp. 95, 101). Nor were Lage's suspicions unfounded. For some time prior to September 1, 1950, Hanaway received pay from SIU in return for information regarding Cities Service antiunion activities, the movement of ships, etc. Hanaway testified that he accepted between \$700 and \$800 from SIU. He was discharged by Cities Service on September 1, 1950, when his connection with SIU became known (p. 101).

As will be shown in part III, infra, after the formation of the Citco Tankermen's Association, Lage entered into certain cooperative relations with Mr. Albert F. Strasburger, the attorney for that company dominated union. Strasburger employed his own labor spy, a private detective by the name of Daniel J. Griffin. Strasburger testified (p. 148) that he instructed Griffin to collect evidence of subversive or criminal activity by SIU leaders. In this Griffin failed. Strasburger also instructed Griffin to obtain photographs of union representatives and, in particular, of George "Frenchy" Ruff, an SIU organizer, and of Samuel M. Hacker, a field investigator for the National Labor Relations Board. When Griffin failed to obtain satisfactory photographs, Lage supplied them to Strasburger. The latter published them in the CTMA organ, Shipmate, in connection with certain scurrilous innuendoes against Hacker (union exhibit 12, facing p. 35), in an effort to influence Cities Service employees against talking with Hacker, who was then engaged in making an investigation for the Board (p. 141).

In addition to the foregoing, Lage hired a private detective named Horace W. Schmall, and instructed him to investigate approximately 500 Cities Service employees. It is reported that Schmall boasted that confidential Coast Guard files were available to him for such investigations (p. 47). No subcommittee investigator was able personally to serve Schmall with a subpoena; he did not appear at the hearings, and the exact nature and extent of his activities are unknown.

Altogether, according to the testimony of Hall, approximately 200 persons were employed by Cities Service for espionage and other antiunion activities during the SIU organizing drive, although the total number of unlicensed seamen in the Cities Service fleet at the time did not exceed 470 (p. 27).

This espionage certainly constituted a gross violation of section 8 (a) (1) of the Labor Management Relations Act of 1947. It was also a flagrant violation of section 84 of article 7 of the general business law, the Consolidated Laws of New York, which, inter alia, provides:

It is unlawful for the holder of a license, issued under this article, or for any employee of such licensee, knowingly to commit any of the following acts within

or without the State of New York: * * * to interfere with, restrain, or coerce employees in the exercise of their right to form, join, or assist any labor organization of their own choosing; to interfere or hinder the lawful or peaceful collective bargaining between employees and employers; to pay, offer, or give any money, gratuity, favor, consideration, or other things of value, directly or indirectly, to any person for any verbal or written report of the lawful activities of employees in the exercise of their right of self-organization, to form, join, or assist labor organizations and to bargain collectively through representatives of their own choosing. * * * The violation of any of the provisions of this section shall constitute a misdemeanor and shall be punishable by a fine of not less than \$500, or 1 year's imprisonment, or both.

No charges have been brought against any of the persons indicated under the New York law (p. 48).

To overcome this extensive labor espionage, the SIU resorted to countermeasures. Members of the union shadowed the labor spies as they were discovered, infiltrated the company union, the Cities Service and Esso hiring halls, the crimp shops, and otherwise engaged in counterespionage (p. 31 et seq.).

Discriminatory hiring practices of Cities Service

In conjunction with the labor espionage, Cities Service Corp. engaged in wholesale discriminatory firing of union members and sympathizers in violation of section 8 (a) (4) of the Labor Management Relations Act, 1947. According to Hall, during the period of the SIU organizing campaign, a total of approximately 4,000 men were employed at one time or another to fill approximately 500 jobs in the Cities Service fleet (p. 25), and the inference is inescapable that this large turn-over was partially due to an unusually large number of unlawful discharges. In any event, 151 complaints based on discriminatory discharges were processed by the NLRB. In the settlement agreement which resulted from the formal Board hearings, Cities Service Corp. agreed to reinstate the 151 discharged employees and to pay them back wages (appendix 2, pp. 124-198). At the time of the subcommittee hearings, the Board was processing additional cases for reinstatement and payment of back wages covered by the settlement agreement.

The undisputed evidence shows that Cities Service Corp. went to fantastic lengths to avoid the employment of SIU sympathizers and members. When it appeared that, in spite of the careful screening activities carried on by Cities Service personnel officers, SIU members were finding employment on Cities Service ships, the marine division, for a time, practically suspended employment through the company hiring hall and obtained all of its employees from Esso. When even this stratagem failed to eliminate SIU employees, the company resorted to notorious crimp shops in an effort to insure antiunion employees.

Although Cities Service and Esso are in stiff commercial competition, oddly enough the evidence is clear and undisputed that these two corporations entered into collusion to prevent organization of the Cities Service fleet by SIU (pp. 87-90, 96). Hanaway testified that Mr. Stevens, the Cities Service efficiency expert, became liaison man with Esso and entered into an arrangement with Esso personnel officers; that while former Cities Service employees were waiting in the company hiring hall for employment, new employees were being borrowed from Esso, and that the purpose of this arrangement was to discriminate against SIU members and sympathizers (p. 96). SIU

members, however, infiltrated Esso, and this collusive method of hiring was later abandoned.

At earlier hearings before this subcommittee on the subject of maritime hiring halls (see S. Rept. No. 1827, 81st Cong., 2d sess., pp. 9-11), consideration was given to the intolerable results which inevitably flow from the operation of crimps.⁶ Apparently it was assumed that crimp shop had disappeared from the American water front, and the view was expressed that neither the unions nor the employers would ever tolerate their reestablishment (Rept. No. 1827, p. 14). However, these later hearings have proved conclusively that crimp shops are operating and flourishing along the Atlantic seaboard, that even companies of the indisputable reputation of Cities Service frequently resort to them to obtain employees (p. 96), and that the crimp shops serve antiunion employers as a screen to exclude union sympathizers.

Indeed, during the long struggle of Cities Service to prevent the unionization of its fleet, that company frequently obtained employees from crimps. The viciousness of the crimp shop arises from the facts that there is no feasible method of imposing upon the crimp responsibility for the selection of qualified personnel; that the crimp can have no effective means of distinguishing between competent and incompetent personnel, or of identifying even subversive agents; that the crimp shop is usually operated in conjunction with some other venture, such as a saloon or rooming house of dubious character; and that the crimp is under strong economic compulsion to fleece unemployed seamen by the use of his control of jobs. The evidence is undisputed that Cities Service made use of the following alleged crimps in recruiting employees: Paddy Keane, of Bayonne, N. J.; Raymond Roderiguez, who operated the Red Lantern Grill in Boston; "Jack the Robber," who operated out of the Rialto Bar in Bayonne, N. J.; and "Tanker Pete" in Baltimore (pp. 59-66).

Certainly the existence of these crimp shops constitutes a constant threat to labor-management relations in the maritime industry. It is also a peril to national defense. As Hall stated, a crimp can't see red if green shows (p. 76). It is also manifest that the existence of the crimps constitutes a challenge to Congress, which is invested with responsibility for the safety and efficiency of our merchant marine.

III. THE COMPANY-DOMINATED UNION

At a later stage in its anti-SIU campaign, the Cities Service Corp. either inspired or encouraged the establishment of Citco Tankermen's Association (CTMA). The directing force of this company-dominated union was Mr. David S. Furman, who testified at the hearings.

Furman was employed as a chief steward in the Cities Service fleet in June 1948. There was some conflict in the testimony as to the origin of the idea for the establishment of CTMA. According to Furman, while he was aboard the Cities Service tanker steamship *Winter Hill*, in September 1948, he was approached by the labor spy, Basciano, who suggested that a company union ought to be established (pp. 124-125). Basciano denied this (p. 151).

Furman described conversations with several employees aboard the *Winter Hill* in which the formation of the union was discussed. Mr.

⁶ The words "crimp" and "crimp shops" are used to designate private independent employment agencies in the maritime industry.

Nordberg, Cities Service port steward, at Linden, N. J., was also active in creating the union. It is clear that Furman's ultimate decision to take the lead in organizing the union was inspired by Nordberg (p. 125); that from its inception it was completely dominated by company officials; and that it would neither have been organized nor maintained without company assistance. Thus, Furman testified that he agreed with Nordberg to organize the union; that Nordberg said to him, "Don't worry about the expenses, the company will take care of it" (p. 125); and that the development of the union at every phase was under the supervision of Nordberg and other company officials (p. 126).

This was not Furman's first experience in company unionism. He boasts that he holds book No. 1 in the Esso (Standard Oil of New Jersey) Tankermen's Association (ETMA) (p. 126), and that he was the prime mover in the early stages of that association (p. 128). The procedure followed by Furman in establishing CTMA closely paralleled that which had been successful with ETMA. (See appendix 5, pp. 198-205.)

David M. Irvine testified that, at a meeting held in the fall of 1948 aboard the *Winter Hill*, attended by Irvine, Halvosa, DeLello, and two others, Furman outlined the need for the union, submitted a constitution, and designated the original set of officers. There was a total of six present at the meeting. No public notice of the meeting had been given, although at that time all of the *Winter Hill* crew were members of CTMA. They had been induced to join by threats of discharge. So far as is known, this meeting was the only meeting ever held by or for CTMA members (pp. 84-85).

Furman testified that at this meeting he suggested that petitions for the formation of the union be circulated, and that letters be written to all unlicensed members of the fleet. These petitions and letters were written and forwarded to the Cities Service headquarters for delivery to the addressees. Copies of all letters, petitions, and other documents prepared by Furman or under his supervision were sent to Nordberg (p. 125). It also appears that Joe Briggance, chief engineer of the *Winter Hill*, who as an officer was ineligible for membership, acted as a sort of overseer of the union (pp. 85, 86). Nordberg furnished Furman with crew lists to facilitate the organizing campaign (p. 126).

In organizing ETMA, Furman had come in contact with John J. Collins, described as a labor adviser to ETMA, and now sought the assistance of Collins in connection with CTMA. Collins expressed interest in CTMA, but declined to participate in any way until after it had been certified as bargaining representative (p. 126). He did, however, recommend that Furman retain Albert F. Strasburger, a New York City attorney and member of the firm of Murphy, Strasburger & Purcell, 217 Broadway, New York City. Furman called on Strasburger on February 8 or 9, 1949, and discussed CTMA with him. Strasburger introduced him to the other members of his firm, and the firm agreed to represent the union for a fee of \$1 a year per member. The offer was accepted by Furman, and Strasburger prepared pledge cards to be circulated through the fleet. Strasburger drafted a constitution and, in accordance with Furman's suggestions, prepared a second draft which was acceptable to Furman. In doing so, he followed the constitution of ETMA as a guide (p. 126).

Strasburger is a member of the New York bar and the Federal bar, and was admitted to practice in 1936. Prior to his connection with CTMA he had never handled any kind of labor cases (p. 132). He had met John J. Collins while they were both naval officers in the Brooklyn Navy Yard during World War II. It appears that from time to time he was advised by Collins with respect to CTMA business (p. 145).

It will be remembered that, at the time Strasburger was retained by CTMA, the first election on seven Cities Service ships had been held and procedure for the second election was being determined. On February 10, 1949, Strasburger appeared at the regional office of the Labor Board in New York City and attempted on behalf of CTMA to intervene in the election. He was unsuccessful in this attempt (p. 131).

In March 1949, after the second election, Strasburger learned facts which he regarded as possible grounds for protest against that election. Since his union had been barred as a party, he decided to approach Lage, the Cities Service attorney, and persuade Lage to file a protest against the election (p. 135). Thereafter, Strasburger and Lage cooperated in joint activities directed against SIU. For example, it was Lage who suggested that Strasburger, in behalf of CTMA, seek an injunction against the counting of the ballots. This is the temporary injunction previously referred to, which was later dismissed (p. 16). To assist in the CTMA organizing drive, Lage provided Strasburger with crew lists, and otherwise encouraged him in his efforts. At one time, when it appeared that Strasburger was becoming discouraged, Lage arranged a meeting between Dugan and Strasburger, in which Dugan was an "exhibit", proving that company unionism could be profitable (p. 137). Furman had previously told Strasburger that it would be easy for CTMA to deal with Cities Service; that the company had promised to finance the organization of the union (p. 133). When Strasburger's income from union dues proved disappointing, he felt that his cooperation with Lage justified him in asking Lage for payment for his services (p. 139). Lage declined. Strasburger's interest in the union thereafter steadily declined.

Furman's interest in the union also waned as it became apparent that Nordberg was reluctant to keep his promise to finance the union. Furman testified that he personally spent about \$1,500 on CTMA business; that Nordberg made several appointments to meet him and reimburse him; that Nordberg promised to bring Furman and Adkins together, but that Furman never actually received pay or reimbursement for CTMA work (pp. 126-127). Furman was kept busy organizing, however, was transferred from ship to ship by Nordberg, and frequently took time off to go ashore for union business. He was paid while off duty on such business. He did negotiate with company officials an agreement covering boatswains and stewards throughout the Cities Service fleet, which may still be in effect (p. 129). Furman dropped his activities in behalf of CTMA entirely at the time of the Labor Board hearings (p. 129).

IV. THE NLRB HEARING

Many of the facts brought out in the subcommittee hearings had previously been incorporated in charges filed by SIU and individuals

with the National Labor Relations Board, and were processed in the cases Nos. 2-CA-655, 2-CA-740, 2-CA-742, 2-CA-802, 2-CA-1188, 2-CA-582, and 2-CA-660. Complaint and Order Consolidating Cases and Notice of Hearing were issued on February 21, 1950. A hearing before a trial examiner opened in New York City on June 5, 1950. On June 9, 1950, after the counsel for the General Counsel had presented part of the affirmative evidence, an attorney for Cities Service, James P. Farrell, Esq., notified the trial examiner that he had been authorized by the company to enter into a stipulation settling all of the issues in this proceeding and providing for a Board order and court decree. Mr. Strasburger gave notice that CTMA would also participate in the stipulation. (See Official Report of Proceedings, pp. 488-493.) The stipulation was executed by representatives of Cities Service, SIU, CTMA, and the General Counsel on June 21, 1950. The stipulation included a cease and desist order, which was enforced by a decree of the United States Court of Appeals for the Second Circuit signed July 18, 1950. (All of these documents are set forth in the subcommittee hearings, appendixes 2 and 3, pp. 184-198.)

V. POSTCERTIFICATION BARGAINING

Following certification of the SIU as bargaining agent for the entire Cities Service fleet on December 2, 1949, the union requested bargaining sessions with the company. When the company failed to respond the union threatened to strike (pp. 19-20). As a result, the company and union met on March 10, 1950, and executed an interim agreement (union exhibit No. 4, pp. 20-23) providing for union recognition and the payment of SIU tanker wage scales.

Hall testified that even after the signing of the interim agreement the company continued to sponsor CTMA (pp. 23-25), at least until the NLRB hearing opened on June 6 (*supra*, pt. IV).

Following the Board hearing negotiations were resumed. Lage, who had been previously dismissed, was supplanted by Mr. Farrell in the bargaining sessions. Finally, on September 23, 1950, after the subcommittee's hearings had been scheduled, a contract was signed (p. 172). Both the union and the company believe that this contract marks the advent of good labor relations in the Cities Service marine division.

VI. CONCLUSIONS AND RECOMMENDATIONS

1. *NLRB procedure for designating representatives*

The election and designation of representatives for the purpose of collective bargaining are governed by section 9 (a), (b), (c), (d), (e) of the Labor-Management Relations Act, 1947, which extensively amended the comparable section of the National Labor Relations Act. The Board has adopted comprehensive rules establishing procedure for the handling of representation cases. (See NLRB Manual, 11000-11049.) As shown above, the law and the rules were invoked in two separate proceedings to determine the collective bargaining representative of employees of Cities Service marine division. A study of those proceedings demonstrates that there are basic defects either in the law, the rules, their administration, or all of these. A bare chronology of what happened will make this clear:

16 LABOR-MANAGEMENT RELATIONS IN OIL-TANKER INDUSTRY

FIRST ELECTION

1946

October 28: SIU requested recognition.
October 31: SIU filed petition for election.
NMU intervened.

1947

Board investigation.
July: NLRB called on NMU for pledge cards.
October 20: NLRB issued order for election (eight ships).
October 31: Voting to start.
November 30: Voting to end.

1948

January 30: Extension of voting granted to this date.
February 9: Extension of voting granted to this date.
Cities Service resistance.
January 25: Cities Service requested extension of voting for 75 days. Denied.
Cities Service petitioned for change in eligibility. Denied.
February 1: NMU formally withdrew.
February 9: NLRB ordered tally; 83 percent SIU.
February 12: Cities Service filed protest. Denied.
February 18: Cities Service filed protest. Denied.
March 5: Cities Service filed protest. Denied.
March 8: Cities Service filed exceptions to order.
March 23: NLRB rejected exceptions.
Trial examiner recommended certification of SIU, for entire fleet.
May 24: NLRB certified SIU for seven ships.
SIU petitioned for amendment to certification order. Denied.

SECOND ELECTION

1948

June 22: SIU petitioned for election on nine additional ships.
July 10: NLRB opened hearings on voting unit.
Cities Service walked out.
Cities Service raised question of supervisory employees.
NLRB ordered filing of briefs.
October 29: Time for filing briefs extended to this date.
December 29: NLRB directed election on nine ships.

1949

January 5: First meeting on voting procedure.
Cities Service claimed inadequate notice.
February 16: Meeting on voting procedure.
February 17: Cities Service requested postponement of voting. Denied.
February 20: Voting commenced.
Cities Service resisted election.
February 22: Cities Service obtained temporary injunction halting voting and impounding ballots. Dissolved.
April 15: CTMA obtained injunction against counting ballots. Dismissed.
Votes counted.
April 27: Cities Service filed objections to conduct of election.
August 19: NLRB denied objections.
August 31: Cities Service filed exceptions to NLRB decision.
NLRB took under advisement.
December 2: NLRB certified SIU for nine additional ships.

(a) *First election.*—Nineteen months, 574 days, were consumed in the election and certification of SIU as bargaining agent for seven ships. During that period (from October 28, 1946, to May 24, 1948), Cities Service had obtained two extensions of time totaling 70 days, and requested another for 75 days which was denied; had petitioned for a change of eligibility; filed three protests against the election, and filed exceptions to a Board order. In each instance, either the regional office, the trial examiner, or the NLRB had been required to make investigations and decisions. More than 3 months elapsed after the tally before SIU was certified.

From beginning to end of the proceedings, Cities Service had indulged in legal stalls, in unlawful hiring and firing; had otherwise wrongfully coerced its employees; and had openly violated section 12 of the act by obstructing NLRB processes. No person was prosecuted for or even charged with the latter offense, which is punishable as a crime. The end results of the election were that SIU was certified for seven ships, nine ships were left without representation, and the contending parties were forced into another all-out struggle.

During the same period the American people, nearly all of them voting on 1 day, had elected one-third of the Senators, 435 Members of the House, numerous governors and State legislators, and innumerable local officials.

(b) *Second election.*—Eighteen months, 528 days, were consumed in the election and certification of SIU as bargaining agent for nine ships. (During that period the American people had elected a President, a Congress, and countless local officials.) It required 172 days for NLRB to determine the voting unit and direct the election. Fifty-three days elapsed between the direction of election and the commencement of voting; 55 days between the commencement of voting and the counting of the ballots. Two hundred and thirty-one days after the votes were counted the NLRB certified SIU.

Throughout the entire period of 18 months, SIU was subjected by Cities Service to what can be described as a war of attrition: delay and stalling; illegal labor espionage; unlawful hiring through crimp shops and antiunion collusion with Esso; blacklisting and discriminatory firing; rampant company unionism; character assassination of union leaders and organizers; wholesale antiunion propaganda; on-the-job discrimination and persecution, and so on through the whole gamut of union-busting techniques, old and new.

It is amazing that any union could survive this carefully coordinated, heavily financed, lawyer-led attack; it is shocking that a company of the high standing of Cities Service should plan and execute it, in violation of State and Federal laws; it is disillusioning to learn that it could occur in spite of all the legislating Congress has done to insure the right of employees to self-organization. Certainly that right is reduced to mockery by such a conjunction of employer lawlessness and bureaucratic inertia.

The subcommittee feels strongly that the whole subject of the determination of employee representation should be carefully studied with the view to simplifying and perfecting the pertinent provisions of the Labor-Management Relations Act and NLRB procedures. The Cities Service case is not an isolated example; intolerable delay and confused administration have characterized the certification of representatives in the textile and other industries studied by the subcommittee.⁷ If certification, the prologue to collective bargaining, is thus impeded or prevented, either by legislative stultification or procedural paralysis, or both, manifestly the basic objectives of the Labor-Management Relations Act will be lost. When a law is nullified, whether by its own internal confusions or by palsied administration, then the people's rights are subverted, public morality is undermined, and democracy itself is imperiled. Therefore, the subcommittee earnestly recommends to the Senate Committee on Labor and Public

⁷ It must be emphasized that these comments are applicable not only to the Labor-Management Relations Act of 1947, but also and perhaps equally to the Wagner Act which preceded it.

Welfare that an exhaustive investigation be made of the effects of section 9 (a), (b), (c), (d), and (e) of the Labor-Management Relations Act, and of its administration, on employees' rights to self-organization and collective bargaining.

2. *Labor espionage and crimps*

(a) *Espionage*.—As shown above, Attorney William Potter Lage was the author and director of the labor espionage system which operated in the Cities Service fleet. It should be remembered that he was retained by the marine division, and not by Cities Service Corp. proper. Previous reference has been made to the relative independence of the division. Mr. Christopher Story, vice president of Cities Service Corp. in charge of marine operations, testified that he was not aware of the activities of Lage (p. 174). Prior to the NLRB hearing, Lage was dismissed by the corporation. At the subcommittee hearings, Mr. James P. Farrell, of the New York City firm of Fruehauff, Burns, Ruch & Farrell, which represents the corporation, disavowed Lage and all his works, and in behalf of the corporation waived privilege with respect to any testimony which the subcommittee may call upon Lage to give (p. 182). It must also be emphasized that the Lage espionage system has apparently been broken up. The subcommittee is confident that it will not be reestablished.

However, Cities Service Corp. cannot purge itself of responsibility for the erstwhile existence of a despicable and unlawful system of espionage which operated throughout its fleet. Lage was the paid representative of the division, an integral part of the corporation, and the scope of his employment was precisely labor relations in the Cities Service fleet. He worked in closest collaboration with Adkins, Deschler, Nordberg, and other executives of the division. He met spies (e. g., Scotti) at the corporation headquarters at 70 Pine Street, and paid them to carry out their spying in the hiring hall at that same headquarters and elsewhere. It imposes a great strain on credulity to believe that higher executives of the corporation could have been totally unaware of this spy ring which was virtually swarming under their noses (cf. p. 167). In any event, the subcommittee congratulates Cities Service Corp. upon its resolution to prevent the recurrence of these deplorable practices.

Again, the Cities Service case does not stand alone. The subcommittee has found evidence of the widespread existence of labor espionage, not only in the oil tanker fleets, but in other industries.

The practices of labor espionage to frustrate and prevent self-organization is not only a flagrant violation of the Labor-Management Relations Act, 1947, but leads inevitably to industrial strife. In interstate and foreign commerce it menaces the general welfare and imperils the national defense. The subcommittee feels that it is the duty of Congress to make every effort to eradicate labor espionage, and to that end recommends that the Senate Committee on Labor and Public Welfare formulate legislation (1) making labor espionage in commerce, as defined in the Labor-Management Relations Act, a crime punishable by fine and imprisonment; and (2) making provision for vigorous enforcement by the appropriate executive department.

The subcommittee also recommends that an investigation be made of alleged labor espionage in other segments of American industry.

(b) *Crimps*.—Congress cannot regard with complacency the activities of crimps in the maritime industry. The crimp, who does not hesitate to exploit the desperation of the unemployed, or to commit crime for profit, is certainly not a fit personnel officer for the American merchant marine. Our fleets are the carriers of our foreign trade, and the chief reserve for our Navy. The crimp is the conduit through which the first may be sabotaged, the second subverted. The crimp is the tool of Communists, the crutch of the incompetent. It is as intolerable that he should be permitted to select personnel for the merchant marine as that he should recruit for the Armed Forces.

The subcommittee has evidence that, in sharp distinction from the crimp, there are private shipping masters of high integrity who doubtless perform a useful and valuable service.

The subcommittee feels that it is of the utmost importance that an exhaustive investigation be made of employment practices in the maritime industry, so that Congress can wisely and intelligently legislate with respect to this matter of paramount importance to the national economy and defense. Ways and means must be found to ferret out and eradicate the crimp, to stabilize and promote wholesome and efficient maritime hiring practices, and thereby to help insure the existence of a strong, healthy, competent merchant marine. Therefore, the subcommittee recommends to the Senate Committee on Labor and Public Welfare that such an investigation be undertaken at an early date.

3. *Company unionism in the tanker industry*

At the subcommittee hearings, Mr. Hall charged that, in addition to Cities Service, company-dominated unions have been imposed upon their licensed and unlicensed marine employees by Standard Oil Co. of New Jersey (Esso), Socony-Vacuum Oil Co., Tide Water Oil Co., and other oil companies which operate tankers (pp. 49-58). Many of Hall's allegations have been substantiated by the subcommittee's investigations. Affidavits and other evidence in the files of the subcommittee strongly indicate that many of the so-called unions now purporting to represent east coast oil tanker employees were, in their inception, organized with the help and for the benefit of the employers, and ever since have continued to be company-dominated. The subcommittee is strongly of the opinion that its investigation of company unionism in the oil tanker industry ought to be completed.

Company unionism, of course, is a violation of section 8 (a) of the Labor-Management Relations Act of 1947. Even more important, it is an obstacle to the development of healthy, democratic collective bargaining and, in the language of the act, will "lead to strikes and other forms of industrial strife or unrest, which have the intent or the necessary effect of burdening or obstructing commerce * * *" (sec. 1). Such industrial strife in the oil tanker industry, even in peacetime, would constitute a major emergency. In the present state of international disturbance it would seriously imperil our national safety.

If company unionism exists in the tanker industry on the scale indicated, it is deeply entrenched and would be impregnable against

the organizational efforts of legitimate unions. In the face of well-financed and coordinated opposition from the company and company union, armed as they may be with the deadly weapons of espionage, collusive hiring, and crimp shops, it is inconceivable that any legitimate union could ever make effective inroads and raise a question of representation cognizable by the Board. In such circumstances the Board is without power to act on its own motion. Thus it is possible that a company union, once it had obtained certification under false pretenses, could by superficial compliance therewith use the Labor-Management Relations Act as a shield behind which to perpetrate continuing violations of the act's basic provisions.

Here is a situation which requires thorough investigation, and, if it is what it seems, relentless exposure. The subcommittee therefore recommends to the Senate Committee on Labor and Public Welfare that an exhaustive investigation be made of alleged company unionism in the oil-tanker industry.

JAMES E. MURRAY.
LISTER HILL.
MATTHEW M. NEELY.
PAUL H. DOUGLAS.
HUBERT H. HUMPHREY.
HERBERT H. LEHMAN.
JOHN O. PASTORE.
GEORGE D. AIKEN.
WAYNE MORSE.

INDIVIDUAL VIEWS OF MR. TAFT IN WHICH MR. SMITH OF NEW JERSEY, MR. IVES, AND MR. NIXON CONCUR

As a member of the subcommittee I was unable to attend the hearings covering the charges against the Cities Service Corp. of Pennsylvania, but I have reviewed the evidence and read the report prepared by the staff for the subcommittee.

I condemn the action of the marine division of this subsidiary of the Cities Service Corp., first, in attempting to defeat the efforts of its employees to organize, and second, in various other unfair labor practices in which it indulged, and I condemn these as strongly as do the majority members of the committee. However, it is reasonably clear that all these practices were made unfair labor practices by the Taft-Hartley Act, and that that law gave the union a remedy against these illegal actions. Most of the testimony presented to the subcommittee had been previously presented in a hearing conducted by the National Labor Relations Board. The Board's order has now also become the order of the United States Circuit Court of Appeals for the Second Circuit, which is attached hereto as an exhibit to this comment. I believe the order demonstrates the adequacy of the Taft-Hartley Act to remedy every unfair labor practice described in the subcommittee hearings and condemned by the subcommittee report.

I agree with the majority that the length of time required to obtain certification of the union in this case was highly unreasonable, but it should be pointed out that the NLRB has been making progress in speeding up its processes for obtaining certification. The Taft-Hartley Act added two members to the Board, and in the Senate amendments considered last year the Labor and Public Welfare Committee of the Senate recommended two additional members. In 1946, while operating under the Wagner Act, the average time from filing election petition to Board direction of election was 146 days. In 1950, operating under the Taft-Hartley Act, this average had been reduced to 111 days. I have always favored a more liberal appropriation to give the Board more personnel to speed up its proceedings. Also, if the House had adopted the amendment which we adopted last year in the Senate eliminating the necessity for elections on the closed-shop issue, these representation elections might perhaps be speeded up.

In general, I do not quite see the value in reviewing the history of labor disputes which have been dealt with satisfactorily by the law and in which labor relations are at the moment on a satisfactory basis. Bad as were the practices of the Cities Service Co., it has discharged the attorney alleged to be responsible for most of the unfair practices, has entered into a contract with the union, and agreed to the consent decree in the United States court of appeals referred to above.

The only suggestion for legislation relates to labor espionage. This raises the whole question whether we should perhaps make criminal offenses of many of the actions designated as unfair labor practices

in the Taft-Hartley Act. If we are going into that field, it seems to me that the action should be bilateral and deal with the unfair labor practices of labor unions as well as those of employers.

The staff report states that there is evidence of company-dominated unionism in the entire oil tanker industry and widespread existence of labor espionage. I have not been able to find any such evidence in the printed hearings, except some general observations by an officer of the union involved. These observations were not substantiated, nor was any opportunity given to the employers to answer them. In any event, I see no reason to suppose that if these unfair labor practices are being engaged in, they cannot be dealt with under the Taft-Hartley Act as in the case of the Cities Service Co.

IN THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

It is hereby ordered, adjudged, and decreed that the Company, Cities Service Oil Company of Pennsylvania (Marine Division), its officers, representatives, agents, successors and assigns shall:

1. Cease and desist from:
 - (a) Interrogating its employees concerning their union affiliations;
 - (b) Warning its employees to refrain from assisting, becoming members of or remaining members of the Seafarers International Union of North America, A. F. of L., or any other labor organization;
 - (c) Warning its employees to assist, become members of or remaining members of the Citco Tanker Men's Association, or any other labor organization;
 - (d) Making promises of benefit to its employees to cause them to join or assist the Citco Tanker Men's Association, or any other labor organization;
 - (e) Threatening its employees with discharge or other reprisals if they join or assist the Seafarers International Union of North America, A. F. of L., or any other labor organization, or refuse to join or assist the Citco Tanker Men's Association, or any other labor organization;
 - (f) Interfering with the circulation of union literature and engaging in the destruction of union literature for the purpose of discouraging membership in Seafarers International Union of North America, A. F. of L., or any other labor organization, or encouraging membership in the Citco Tanker Men's Association or any other labor organization;
 - (g) Keeping under observation and surveillance the meeting places, meetings and activities of the Seafarers International Union of North America, A. F. of L., or any other labor organization, or the concerted activities of its employees for the purpose of self-organization or improvement of working conditions;
 - (h) Engaging in espionage over the activities of the Seafarers International Union of North America, A. F. of L., or any other labor organization, or the concerted activities of its employees for the purpose of self-organization or improvement of working conditions;
 - (i) Restricting and interfering with the use of the radio facilities of its vessels by its employees for the purpose of discouraging membership in the Seafarers International Union of North America, A. F. of L., or any other labor organization;
 - (j) Conducting polls of its employees to determine whether they desire a rotary vacation plan or any other condition of employment without the prior agreement of the collective-bargaining representative of its employees;
 - (k) In any other manner engaging in any threats or acts of violence, intimidation or reprisal, or making any promise of benefits to or in any manner restraining or coercing its employees in the exercise of their right to self-organization, to form, join, or assist labor organizations, to bargain collectively through representatives of their own choosing, and to engage in other concerted activities for the purpose of collective bargaining, or other mutual aid or protection, and to refrain from any or all such activities as guaranteed in Section 7 of this Act;
 - (l) Dominating or interfering with the administration of Citco Tanker Men's Association, or with the formation or administration of any other labor organization of its employees, or from contributing support to Citco Tanker Men's Association, or to any other labor organization;
 - (m) Encouraging membership in Citco Tanker Men's Association or any other labor organization of its employees by refusing to hire or by discharging or refusing to reinstate any of its employees, or in any other manner discriminating in regard to hire or tenure of employment, or any other terms or conditions of employment,

because of nonmembership in or refusal to engage in activity on behalf of any such labor organization;

(n) Discouraging membership in Seafarers International Union of North America, A. F. of L., or any other labor organization of its employees by refusing to hire or by discharging or refusing to reinstate any of its employees or in any manner discriminating in regard to hire or tenure of employment, because of membership in or activity on behalf of any such labor organization;

(o) Refusing to bargain collectively with the Seafarers International Union of North America, A. F. of L., by making the withdrawal of charges filed with the National Labor Relations Board a condition precedent to the signing of a collective bargaining agreement;

(p) Refusing to bargain collectively with the Seafarers International Union of North America, A. F. of L., or its representatives as the exclusive representative of all of its employees in the bargaining units described below, with respect to rates of pay, hours of employment, or other conditions of employment. The bargaining unit, consisted of unlicensed personnel of 16 vessels including deck and engine employees, machinists and pump men, but excluding stewards, boatswains, pursers, radio operators, and supervisors as defined in the Act.

2. Take the following affirmative action to effectuate the policies of the National Labor Relations Act:

(a) Withhold all recognition from Citco Tanker Men's Association as the representative of any of its employees as defined in Section 2 (3) of the Act, for the purpose of dealing with the Company with respect to grievances, wages, hours of employment, or any other terms or conditions of employment;

(b) Completely disestablish Citco Tanker Men's Association as the representative of any of its employees within the meaning of Section 2 (3) of the Act for the purpose of dealing with the Company with respect to grievances, labor disputes, wages, rates of pay, hours of employment, or other conditions of employment, and not recognize it or any successor thereto for any of the above purposes;

(c) Offer to those employees listed in "Appendix B" immediate and full reinstatement to their former or substantially equivalent positions without prejudice to their seniority and other rights and privileges;

(d) Offer to those individuals named in Appendix C immediate employment in the positions in which they would have been employed had the Company not discriminated against them, or in substantially equivalent positions;

(e) Make whole the employees named in Appendix B for any loss of pay they may have suffered by reason of the discrimination against them by payment to each of them of a sum of money equal to that which would have been earned as wages from the dates of their respective discharges, to the dates of the Company's offer of reinstatement, less their net earnings during such periods;

(f) Make whole the employees named in Appendix C for any loss of pay they may have suffered by reason of the discrimination against them by payment to each of them of a sum of money equal to that which would have been earned as wages from the date of the respective refusals to hire to the date of the Company's offer of employment, less their net earnings during such periods;

(g) Upon request, bargain collectively with the Seafarers International Union of North America, A. F. of L., as the exclusive representative of all of its employees in the bargaining unit described below with respect to rates of pay, wages, hours of employment, or other conditions of employment. The bargaining unit consists of the Company's unlicensed personnel aboard 16 vessels including deck and engine employees, machinists and pumpmen, but excluding stewards, boatswains, pursers, radio operators, and supervisors as defined in the Act.

(h) Post in conspicuous places in its Seamen's Rooms at 70 Pine Street, New York, New York, the offices of all shipping agents of the Company, and aboard all vessels operated by the Company, including all places where notices to employees are customarily posted, copies of the Notice attached hereto and marked "Appendix D." Copies of said Notice, to be furnished by the Region Director for the Second Region of the National Labor Relations Board (New York, N. Y.), shall, after being duly signed by a representative of the Company, be posted immediately upon receipt thereof and maintained by them for a period of sixty (60) consecutive days thereafter. Reasonable steps shall be taken by the Company to insure that said Notices are not altered, defaced, or covered by any other material;

(i) Notify the Regional Director for the Second Region of the National Labor Relations Board (New York, New York), in writing, within ten (10) days from the date of this Decree what steps the Company has taken to comply herewith.

